

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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In the Matter of the Application of NEX-
TERA ENERGY TRANSMISSION
WEST, LLC for a Certificate of Public
Convenience and Necessity for the Sun-
crest Dynamic Reactive Power Support
Project.

Application 15-08-027
(Filed August 31, 2015)

**RESPONSE
OF THE OFFICE OF RATEPAYER ADVOCATES**

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October 5, 2015

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I. INTRODUCTION

Pursuant to Rule 2.6 of the Commission’s Rules of Practice and Procedure, the Office of Ratepayer Advocates (“ORA”) hereby submits this Response to the Application of NEXTERA Energy Transmission West, LLC (NEXTERA¹) for a Certificate of Public Convenience and Necessity for the Suncrest Dynamic Reactive Power Support Project (Suncrest SVC² Project). NEXTERA filed the Application on August 31, 2015, and it was first calendared by the Commission on September 4, 2015. Therefore, ORA’s response is timely.

NEXTERA seeks Commission approval to construct, operate, own and maintain the Suncrest SVC Project pursuant to a Project Sponsor Agreement with the California Independent System Operator (CAISO). The project arose from CAISO’s 2013/2014 Transmission Planning Process (TPP), where it was studied as a policy-driven upgrade to

¹ NEXTERA’s subsidiary NEET WEST will undertake the design, construction and operation of the project, but throughout this response, NEXTERA would be used in all instances to refer to itself and all its fully owned subsidiaries.

² Static Var Compensator.

facilitate delivery of renewable electricity generating capacity located in the Imperial Valley area. Under CAISO tariff, a policy driven project³ is subject to competitive solicitation and CAISO awarded the Suncrest SVC Project to NEXTERA after considering other bids including one from San Diego Gas & Electric company (SDG&E).

II. DESCRIPTION OF THE PROJECTS

In the 2013/2014 TPP, CAISO evaluated the need for deliverability of electric power to the grid from renewable generation build-out in the Imperial Valley and identified a network deliverability constraint in the San Diego area as a result of the expected retirement of San Onofre Nuclear Generating Station (SONGS). Before the retirement of SONGS, CAISO concluded that the existing transmission grid can deliver up to 1,715 megawatts (MW) of renewable generation from Imperial Valley zone to San Diego California. However, with the retirement of SONGS, CAISO assumed none of the 1,715 MW renewables in the Imperial Valley zone are deliverable. Based on these conservative assumptions, CAISO approved the Suncrest SVC Project. ORA and other parties objected to the use of this deliverability assessment methodology on the basis that full deliverability of the total installed capacity from Imperial Valley renewable generation would never even be necessary. CAISO rejected the arguments and approved the Suncrest SVC Project as the upgrade solution to the deliverability constraint.

NEXTERA will design and construct Suncrest SVC to the following specifications:

The Suncrest SVC Project consists of two primary components: (1) a new +300/-100 mega volt-ampere reactive (“MVAR”) static var compensator (“SVC”) facility with a rated real power output of 0 MW, and a nominal terminal voltage of 230 kV, along with related equipment (the “SVC Facility”); and (2) a 230 kV single-circuit, underground transmission line

³ E.g., a project built to help California meet its Renewable Portfolio Standard program (RPS) goals.

that will connect the SVC Facility to the existing SDG&E Suncrest Substation (“Underground Transmission Line”). These two primary components will provide continuous reactive power response that improves and maintains the reliability of the transmission grid and increases the deliverability of renewable power.

(Testimony of NEXTERA Energy Transmission West, LLC in Support of its Application for a Certificate of Public Convenience and Necessity for the Sincerest Dynamic Reactive Power Support Project⁴, p.46.)

NEXTERA chose these specification over a synchronous compensator (“STAT-COM:), or synchronous condenser as the solution for the transmission upgrade because the SVC project is a proven technology for providing transmission voltage support, continuous reactive power and voltage control capability with high reliability and availability. It has significantly lower load operation and operational losses, and faster response time than synchronous condensers, and would meet CAISO’s requirement for the upgrade with the least capital cost compared to other devices NEXTERA considered⁵.

Suncrest SVC facility would occupy about 1.5 acres of a 6 acre parcel of land in a national forest⁶ in the San Diego area. It will be connected to the Suncrest Substation through a 230 kV underground transmission line, about one-mile long, that would be placed under an existing paved road that provides access to the Suncrest Substation. NEXTERA will obtain easements from SDG&E and a private entity that own the paved access road, to operate and maintain underground transmission under the easement.

⁴ Hereinafter “NEXTERA Testimony”.

⁵ NEXTERA Testimony, p. 48.

⁶ Application of NEXTERA Energy Transmission West, LLC for a Certificate Of Public Convenience and Necessity for the Sincerest Dynamic Reactive Power Support Project, p.18 (Hereinafter “Application”).

NEXTERA “agreed to build the Suncrest SVC Project under a binding cost of \$42,288,000.00”⁷. Consequently, unless “... Suncrest SVC Project exceeds NEET West’s cost cap for reasons set forth in the Approved Project Sponsor Agreement, the ultimate cost to ratepayers is unlikely to exceed 50 million dollars.”⁸

III. ISSUES

ORA remains opposed to the CAISO’s use of full deliverability assessment to evaluate the need for upgrades to support delivery of renewable resources from the Imperial Valley. However, ORA is not prepared to protest this Application on the basis of this issue alone. There are other issues in this application which are yet unproven but if established would, in addition to the use of an unnecessary full deliverability assessment, compel ORA to protest this project and either seek modification or reversal of the award.

These issue are as follows:

1. Whether the Suncrest SVC Project serves a present or future convenience and necessity;
2. Whether there are any significant environmental impacts of the project as proposed and what those impacts may be;
3. Whether CAISO has the authority to terminate the Project Sponsor Agreement if the Commission finds that the Suncrest SVC poses a lesser environmental impact or presents as a better alternative solution if constructed inside the existing Suncrest Substation.
4. Whether CAISO has the authority to terminate the Project Sponsor Agreement if the Commission finds that the Suncrest SVC should be constructed inside the Suncrest Substation to eliminate the unnecessary cost and the need for a one-mile 230 kV underground transmission.

⁷ Application, p. 22.

⁸ Application, p. 23.

5. As between the Suncrest SVC project and project alternatives, which is environmentally superior?

6. If a transmission line is approved, what is the maximum cost of the approved project?

IV. NEED FOR HEARINGS

ORA is currently in discovery and has not yet determined the extent to which the disputable issues indicated above would necessitate a hearing. Therefore, ORA would request that the Commission establish a schedule with a placeholder for a hearing until discovery can confirm that a hearing is not necessary.

Particularly, it appears that NEXTERA's design and construction of Suncrest SVC at a location one-mile from the Suncrest substation was in part based on the fact that SDG&E was a competitive bidder for the CAISO solicitation for the project-solution as well, and NEXTERA did not have the discretion to place its proposed bid-project or assess the bid cost on the basis of placing the project inside the existing Suncrest substation footprint. Therefore, ORA is skeptical of the provision in the Project Sponsor Agreement that gives CAISO the discretion to terminate the contract if the Commission recommends or approves the project to be placed at a location other than the current site indicated in the Project Sponsor Agreement.

Hearings may be necessary to ascertain whether the conditional termination provision in the contract bars NEXTERA from implementing an environmentally superior alternative to the proposed Suncrest SVC or unnecessarily fixes a higher cost for the project where a reduced cost could be obtained by eliminating the one-mile underground transmission.

V. CATEGORIZATION

ORA agrees with NEXTERA that the appropriate categorization for this proceeding is ratesetting.

VI. PROPOSED SCHEDULE

ORA adopts NEXTERA's proposed schedule, assuming that hearings will be necessary. However, ORA notes that the Application was first calendared on September 4, 2015; therefore, this response is timely on October 5, 2015.

VII. CONCLUSION

ORA respectfully requests that the Commission adopt the process and issues that ORA has recommended in this response.

Respectfully submitted,

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